

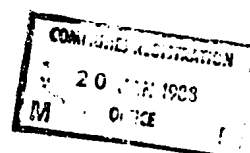
RYDEN CONSTRUCTION LIMITED

Financial Statements - 30 September 1987

1292680

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RYDON CONSTRUCTION LIMITED

1292680

Financial Statements - 30 September 1987

DIRECTORS:

G.N. Turner
D.D. Dennard
M.W. Gearon
T.M.S. Bateman
C.P. Dixon
M.J. Petty

SECRETARY:

G.N. Turner

REGISTERED OFFICE:

246 Bishopsgate,
London, EC2M 4PB

AUDITORS:

Neville Russell,
37 Frederick Place,
Brighton,
BN1 4EA

RYDON CONSTRUCTION LIMITED

Report of the Directors

The directors present their report and the financial statements for the year ended 30 September 1987.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company continued to be that of building contractors and developers.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

RESULTS AND DIVIDENDS

The results of the company for the year ended 30 September 1987 are set out in the financial statements on pages 5 to 14.

The directors do not recommend the payment of any dividend. Retained profits of £226,913 have been transferred to reserves.

FIXED ASSETS

Details of changes in fixed assets are given in note 7 to the financial statements.

DIRECTORS

The directors set out below have held office during the whole of the period from 1 October 1986 to the date of this report.

G.N. Turner
D.D. Dennard
M.W. Gearon
T.M.S. Bateman
C.P. Dixon
M.J. Petty

None of the directors had any interest in the shares of the company, according to the register of directors' interests, at any time during the year ended 30 September 1987. The interests of G.N. Turner, D.D. Dennard and M.W. Gearon in the shares of the holding company, Rydon Holdings Limited, are set out in the directors' report of that company. T.M.S. Bateman, C.P. Dixon and M.J. Petty are participants in the Rydon Employee Share Scheme.

In accordance with the articles of association, Mr. D.D. Dennard and Mr. T.M.S. Bateman retire by rotation and, being eligible, offer themselves for re-election.

TAXATION STATUS OF THE COMPANY

The company is a close company within the provisions of the Income and Corporation Taxes Act 1970, as amended.

RYDON CONSTRUCTION LIMITED

Report of the Directors (continued)

AUDITORS

The auditors, Neville Russell, have signified their willingness to continue in office and a resolution proposing their re-appointment will be put to the forthcoming annual general meeting.

BY ORDER OF THE BOARD

G.N. TURNER
Secretary

246 Bishopsgate,
London, EC2M 4PB

8 December 1987

RYDON CONSTRUCTION LIMITED

Report of the Auditors to the Members of the Company

We have audited the financial statements on pages 5 to 14 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 30 September 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

NEVILLE RUSSELL
Chartered Accountants

37 Frederick Place,
Brighton,
BN1 4EA

6 DEC 1987

RYDON CONSTRUCTION LIMITED

Profit and Loss Account
For the Year Ended 30 September 1987

	<u>Notes</u>	<u>1987</u> £	<u>1986</u> £
TURNOVER	2	8,897,649	7,492,553
Cost of completed contracts		(7,648,902)	(6,216,171)
		-----	-----
GROSS PROFIT		1,248,747	1,175,382
Administrative expenses		(875,669)	(769,888)
		-----	-----
OPERATING PROFIT		373,078	406,494
Bank charges and interest		(2,703)	(2,227)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	370,375	404,267
Taxation on profit on ordinary activities	6	(143,462)	(160,835)
		-----	-----
RETAINED PROFIT FOR THE YEAR		226,913	243,432
Retained profits at 1 October 1986		635,483	392,051
		-----	-----
RETAINED PROFITS AT 30 SEPTEMBER 1987		£862,396	£635,483
		=====	=====

RYDON CONSTRUCTION LIMITED

Balance Sheet at 30 September 1987

	<u>Notes</u>	£	<u>1987</u> £	£	<u>1986</u> £
TANGIBLE FIXED ASSETS	7		19,771		17,771
CURRENT ASSETS					
Work-in-progress	8	2,186,008		827,055	
Debtors	9	4,861,936		1,255,947	
		<u>7,047,944</u>		<u>2,083,002</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(6,161,319)		(1,420,090)	
		<u>-----</u>		<u>-----</u>	
NET CURRENT ASSETS			886,625		662,912
			<u>-----</u>		<u>-----</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			906,396		680,683
PROVISIONS FOR LIABILITIES AND CHARGES	11		(2,000)		(3,200)
			<u>-----</u>		<u>-----</u>
NET ASSETS			£904,396		£677,483
			<u>=====</u>		<u>=====</u>
CAPITAL AND RESERVES					
Called up share capital	13		42,000		42,000
Profit and loss account			862,396		635,483
			<u>-----</u>		<u>-----</u>
			£904,396		£677,483
			<u>=====</u>		<u>=====</u>

Approved by the board on 8 December 1987, and signed on its behalf.

G.N. Turner

)
)
) Directors
)

M.W. Gearon

RYDON CONSTRUCTION LIMITED

Statement of Source and Application of Funds
For the Year Ended 30 September 1987

	£	<u>1987</u> £	£	<u>1986</u> £
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		370,375		404,267
Adjustment for item not involving the movement of funds:				
Depreciation		8,370		5,791
		-----		-----
		378,745		410,058
APPLICATION OF FUNDS				
Tax paid	(162,485)		(134,598)	
Purchase of tangible fixed assets	(10,370)		(4,608)	
	-----		-----	
		(172,855)		(139,206)
		-----		-----
		£205,890		£270,852
		=====		=====
MOVEMENTS IN WORKING CAPITAL				
Work-in-progress		1,358,953		254,671
Debtors		3,605,989		(3,820,848)
Creditors falling due within one year		(4,759,052)		3,837,029
		-----		-----
		£ 205,890		£ 270,852
		=====		=====

RYDON CONSTRUCTION LIMITED

Notes to the Financial Statements
For the Year Ended 30 September 1987

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover is calculated excluding value added tax as follows:

Contract work:

In the case of long term contract work on the basis of the value of work executed during the year and in the case of short term contract work on the basis of the value of work completed during the year.

Development work:

In the case of development work on behalf of group companies, on the basis of the invoice value of sales effected by those companies.

(c) Depreciation

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their estimated useful lives.

(d) Work-in-progress

Work-in-progress is valued at the lower of cost and net realisable value. Cost consists of materials, direct labour and direct overhead costs. In the case of short term contracts, no profit is taken into the financial statements until the contracts are completed. For long term contracts, where profits can reasonably be foreseen, the proportion of the estimated total profit on each long term contract attributable to the value of work carried out is included in the valuation. Progress payments received or receivable at the balance sheet date are deducted up to the amount of the valuation, any excess being included in current liabilities as progress payments received in advance.

(e) Taxation

The charge for taxation is based on the profit for the year, at current rates of tax. Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

RYDON CONSTRUCTION LIMITED

Notes to the Financial Statements
For the Year Ended 30 September 1987

2. TURNOVER

The turnover and pre-tax profit are attributable to the principal activity, that of building contractors and developers. The whole of the turnover is to the UK market.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1987</u> £	<u>1986</u> £
The profit on ordinary activities before taxation is stated after charging:		
Depreciation of fixed assets	44,574	31,863
Emoluments of directors (note 4)	Nil	Nil
Auditors' remuneration	Nil	Nil
Hire of plant	214,860	157,731
	=====	=====

4. DIRECTORS

	<u>1987</u>	<u>1986</u>
Emoluments:		
Management services	Nil ===	Nil ===

The emoluments of directors disclosed above (including pensions and pension contributions) included amounts paid to:

The chairman	Nil	Nil
--------------	-----	-----

The number of other directors who received emoluments (excluding pensions and pension contributions) in the following ranges were:

	Number	Number
Up to £5,000	5	5

RYDON CONSTRUCTION LIMITED

Notes to the Financial Statements
For the Year Ended 30 September 1987

5. STAFF COSTS

	<u>1987</u> £	<u>1986</u> £
Wages and salaries	108,029	87,121
Social security costs	8,485	6,452
	-----	-----
	£116,514	£93,573
	=====	=====

The average number of persons employed
by the company (including directors)
during the year was as follows:

	Number	Number
Management	6	6
Direct labour	24	18
	--	--
TOTAL EMPLOYEES	30	24
	==	==

The following additional specific charges were made for thirty-two
(1986 - twenty-three) staff employed and paid by Rydon Holdings Limited who
are engaged in supervision activities.

	£	£
Wages and salaries	324,116	243,717
Social security costs	32,576	24,658
	-----	-----
	£356,692	£268,375
	=====	=====

RYDON CONSTRUCTION LIMITED

Notes to the Financial Statements
For the Year Ended 30 September 1987

6. TAXATION

	<u>1987</u> £	<u>1986</u> £
Based on the profit for the year:		
Corporation tax at 35% (1986 - 37.50%)	144,034	161,857
Deferred taxation	(1,200)	(1,000)
Under (over) provision in respect of previous year	628	(22)
	-----	-----
	£143,462	£160,835
	=====	=====

7. TANGIBLE FIXED ASSETS

	<u>Plant and machinery</u> £
COST	
At 1 October 1986	27,205
Additions	10,370

At 30 September 1987	£37,575
	=====
ACCUMULATED DEPRECIATION	
At 1 October 1986	9,434
Charge for the year	8,370

At 30 September 1987	£17,804
	=====
NET BOOK VALUES	
At 30 September 1987	£19,771
	=====
At 30 September 1986	£17,771
	=====
Depreciation rate	25%

RYDON CONSTRUCTION LIMITED

Notes to the Financial Statements
For the Year Ended 30 September 1987

8. WORK-IN-PROGRESS

	£	<u>1987</u> £	£	<u>1986</u> £
Work-in-progress:				
Costs of construction on				
own land - short term		129,350		49,596
- long term		1,675,314		742,698
Progress payments received				
and receivable		-		(46,392)
		-----		-----
		1,804,664		745,902
Third party contracts				
under construction:				
Short term		370,223		648,535
Progress payments received				
and receivable		(366,439)		(572,879)
		-----		-----
		3,784		75,656
Long term		3,818,907		2,409,610
Progress payments received				
and receivable		(3,441,347)		(2,404,113)
		-----		-----
		377,560		5,497
		-----		-----
		£2,186,008		£827,055
		=====		=====

In accordance with SSAP 9 the directors have included attributable profit amounting to £443,000 (1986 - £433,625) in the value of long term contracts. This represents a departure from the statutory requirement for accounting for stocks and work-in-progress but is regarded by the directors as necessary to give a true and fair view.

AYDON CONSTRUCTION LIMITED

Notes to the Financial Statements
For the Year Ended 30 September 1987

9. DEBTORS

	<u>1987</u> £	<u>1986</u> £
DUE WITHIN ONE YEAR		
Trade debtors	673,215	617,886
Amounts owed by fellow subsidiary company	4,134,834	629,592
Other debtors	53,887	8,469
	-----	-----
	£4,861,936	£1,255,947
	=====	=====

10. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1987</u> £	<u>1986</u> £
Payments received on account	246,923	200,311
Trade creditors	1,090,618	790,381
Amounts owed to holding company	4,661,940	247,191
Corporation tax	144,034	161,857
Other taxation	6,203	6,390
Social security costs	1,601	928
Other creditors	10,000	13,032
	-----	-----
	£6,161,319	£1,420,090
	=====	=====

11. PROVISION FOR LIABILITIES AND CHARGES

	<u>Deferred taxation</u> <u>(see also note 12)</u> £
At 1 October 1986	3,200
Charge for the year	(1,200)

At 30 September 1987	£2,000
	=====

RYDON CONSTRUCTION LIMITED

Notes to the Financial Statements
For the Year Ended 30 September 1987

12. DEFERRED TAXATION

	<u>1987</u>	<u>1986</u>
Tax effect of timing differences arising on excess of tax allowances over depreciation	£2,000 =====	£3,200 =====

13. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, issued and fully paid</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£	£	£	£
Ordinary shares of £1 each	25,000	25,000	21,000	21,000
Deferred ordinary shares of £1 each	25,000 -----	25,000 -----	21,000 -----	21,000 -----
	£50,000 =====	£50,000 =====	£42,000 =====	£42,000 =====

14. CONTINGENT LIABILITIES

The company has given an unlimited guarantee to its bankers for monies due to the bank by the company's holding company and fellow subsidiary companies.

15. HOLDING COMPANY

The ultimate holding company is Rydon Holdings Limited, incorporated in Great Britain.